

# SUMMARY OF TAX LEGISLATION ENACTED AND VETOED DURING THE 2015 LEGISLATIVE SESSION

Prepared for the Revenue and Transportation Interim Committee  
by Megan Moore, Research Analyst  
June 2015

This document is a summary of tax-related legislation enacted and vetoed during the 2015 legislative session. The first section of the summary is an overview of the outcome of Revenue and Transportation Interim Committee requested bills. Enacted legislation is in the second section, followed by vetoed legislation in the third section.

House bills are summarized first in ascending order, then Senate bills in ascending order. Each bill summary is headed by the bill number and chapter number, and the bill text is hyperlinked in the electronic version. Sections amended, sections enacted, sections repealed, effective dates, applicability dates, and termination dates are noted at the end of each bill summary.

## Outcome of Revenue and Transportation Interim Committee Bills

The Revenue and Transportation Interim Committee requested six of the enacted bills: House Bill No. 41, Senate Bill No. 6, Senate Bill No. 18, Senate Bill No. 27, Senate Bill No. 33, and Senate Bill No. 95, which are marked below with asterisks. Two bills by request of the Revenue and Transportation Interim Committee did not become law:

- [Senate Bill No. 92](#) revised penalty and interest provisions for tax purposes. The concepts contained in Senate Bill No. 92 were included in another bill that did become law, House Bill No. 379.
- [Senate Bill No. 17](#) revised laws related to the Agricultural Land Valuation Advisory Committee. The bill failed on second reading in the Senate.

## Enacted legislation

The enacted legislation is listed by the following categories: individual income and corporate income taxes, property tax, property tax administration, tax increment financing districts, natural resource taxes, administration, and miscellaneous.

### Individual Income and Corporate Income Taxes

1. [Senate Bill No. 175 \(Ch. 388\)](#) Revises laws related to the temporary emergency lodging program and clarifies tax credit requirements.
  - a. Amends sections 15-30-2381, 15-31-171, 50-51-114, and 50-51-115.
  - b. Effective May 4, 2015.
  - c. Applies to tax years beginning after December 31, 2014.

2. [Senate Bill No. 309 \(Ch. 392\)](#) Revises the Unlocking State Lands program to include specific federal land, increases the tax credit for qualified access, and revises criteria for program participants.
  - a. Amends sections 15-30-2380 and 87-1-294.
  - b. Amends section 6, Chapter 346, Laws of 2013.
  - c. Effective January 1, 2016.
  - d. Applies to tax years beginning after December 31, 2015.
  - e. Changes the termination date to December 31, 2020.
3. [Senate Bill No. 378 \(Ch. 434\)](#) Revises eligibility for Montana's income tax exemption with respect to salaries paid to National Guard members under certain circumstances.
  - a. Amends section 15-30-2117.
  - b. Effective October 1, 2015.
  - c. Applies to tax years beginning after December 31, 2015.
4. [Senate Bill No. 386 \(Ch. 397\)](#) Revises filing and withholding requirements for pass-through entities and limits the late filing penalty, provides simplification of pass-through entity compliance requirements, eliminates consent agreements by second-tier pass-through entities, and provides rulemaking authority.
  - a. Amends sections 15-30-3302 and 15-30-3313.
  - b. Effective October 1, 2015.
  - c. Applies to tax years beginning after December 31, 2015.
5. [Senate Bill No. 399 \(Ch. 436\)](#) Authorizes the creation of the Montana Achieving a Better Life Experience program, requires that the program comply with federal law authorizing the program, creates an oversight committee, provides for tax-exempt savings accounts for disability-related expenses, designates qualified and nonqualified withdrawals, allows a change in beneficiary, provides for selection of financial institutions and program managers, allows a deduction from adjusted gross income for certain contributions to an account, provides for a recapture tax for certain withdrawals of deductible contributions, authorizes the Department of Public Health and Human Services to contract with another state to allow Montana residents access to the other state's 529A program, provides that an account may not be counted as a resource for determining eligibility for state assistance programs, creates an Achieving a Better Life Experience savings trust, and grants rulemaking authority.
  - a. Amends section 15-30-2110.
  - b. Enacts sections.
  - c. Effective May 5, 2015.
  - d. Applies to tax years beginning after December 31, 2014.
6. [Senate Bill No. 410 \(Ch. 457\)](#) Generally revises laws related to tax credits for elementary and secondary education, allows income tax credits for donations to public schools and student scholarship organizations, provides supplemental funding to public schools for innovative education, establishes geographic regions and districts for supplemental funding distributions, creates a state special revenue account, establishes operating requirements, review processes, and termination procedures for student scholarship organizations, providing that the amount of

a scholarship is not taxable income, providing rulemaking authority, and providing a statutory appropriation.

- a. Amends sections 15-30-2110, 15-30-2618, 15-31-511, 17-7-502, and 20-9-543.
- b. Enacts sections.
- c. Effective January 1, 2016.
- d. Applies to tax years beginning after December 31, 2015.
- e. Terminates December 31, 2023.

## Property Tax

1. [House Bill No. 56 \(Ch. 9\)](#) Revises the valuation of certain class three agricultural property.
  - a. Amends section 15-7-202.
  - b. Effective February 17, 2015.
2. [House Bill No. 156 \(Ch. 407\)](#) Exempts certain air and water pollution control and carbon capture equipment from property taxation and reduces property taxes for carbon transportation and sequestration equipment, provides for the certification of carbon sequestration equipment, allows a carryforward of an exemption or rate reduction after tax year 2025 for certain qualifying property, and provides rulemaking authority.
  - a. Amends sections 15-6-135, 15-6-158, and 15-6-219.
  - b. Effective May 5, 2015.
  - c. Applies to air and water pollution control and carbon capture equipment and carbon sequestration equipment placed in service after January 1, 2014.
  - d. Terminates December 31, 2025.
3. [Senate Bill No. 122 \(Ch. 440\)](#) Ensures the availability of Montana ammunition, encourages the formation of business in Montana primarily engaged in the manufacture of ammunition components, provides exemptions from property taxes, clarifies that the firearms liability law applies to ammunition components manufactured in Montana, and expands economic development criteria to encompass the manufacture of ammunition components.
  - a. Amends 15-6-219, 27-1-720, 90-1-118, and 90-1-202.
  - b. Enacts sections.
  - c. Effective May 6, 2015.
  - d. Applies to tax years beginning after December 31, 2015.
  - e. Property tax exemption portion terminates December 31, 2024.
4. [Senate Bill No. 157 \(Ch. 361\)](#) Revises property tax laws, revises the property reappraisal process and the taxation of property, provides for a 2-year reappraisal cycle for class three agricultural land and class four residential and commercial property, revises property tax assistance programs, including for disabled veterans, and provides rulemaking authority.
  - a. Amends sections 2-15-122, 5-2-301, 15-1-101, 15-2-301, 15-6-133, 15-6-134, 15-6-138, 15-6-143, 15-7-102, 15-7-103, 15-7-111, 15-7-112, 15-7-131, 15-7-139, 15-7-201, 15-8-111, 15-10-420, 15-15-102, 15-15-103, 15-16-101, 15-16-102, 15-24-3202, 15-24-3203, 15-44-103, and 77-1-208.
  - b. Enacts sections.

- c. Repeals sections 15-6-193, 15-6-211, 15-6-222, 15-24-2101, 15-24-2102, and 15-24-2103.
  - d. Effective April 29, 2015.
  - e. Applies to tax years beginning after December 31, 2014, and to the reappraisal cycle beginning January 1, 2015.
5. [Senate Bill No. 308 \(Ch. 366\)](#) Provides a property tax exemption for certain land leased to a county, municipality, or taxing unit for public purposes and requires that the property be used for public park, recreation, or beautification purposes.
- a. Amends section 15-6-201.
  - b. Effective April 29, 2015.
  - c. Applies to tax years beginning after December 31, 2014.

#### Property Tax Administration

1. [House Bill No. 41 \(Ch. 26\)\\*](#) Allows certain industrial property taxpayers to appeal to the State Tax Appeal Board or the county tax appeal board, provides that the State Tax Appeal Board's review of industrial property appeals must be de novo, and clarifies appeals that must be made to the State Tax Appeal Board.
- a. Amends sections 15-2-301, 15-2-302, and 15-15-103.
  - b. Effective October 1, 2015.
2. [House Bill No. 389 \(Ch. 372\)](#) Requires periodic reapplication by an owner of certain tax-exempt real property for the purpose of maintaining an exemption from property taxes, requires a public listing of certain property that is exempt from taxation, establishes a duty for an owner of tax-exempt property to report a change in use, establishes a state special revenue account, requires the department of revenue to establish a fee to offset review costs, waives the fee for certain nonprofit organizations, and provides rulemaking authority.
- a. Amends section 15-16-203.
  - b. Enacts sections.
  - c. Effective April 30, 2015.
  - d. Terminates December 31, 2021, except for the duty to report a change in use, which does not terminate.
3. [Senate Bill No. 54 \(Ch. 336\)](#) Revises the Realty Transfer Act and provides taxpayers with additional access to confidential sales price information.
- a. Amends sections 15-7-102 and 15-7-308.
  - b. Effective April 28, 2015.
4. [Senate Bill No. 335 \(Ch. 329\)](#) Revises compensation for county tax appeal board members.
- a. Amends sections 15-2-201 and 15-15-101.
  - b. Effective October 1, 2015.

## Tax Increment Financing Districts

1. [House Bill No. 114 \(Ch. 405\)](#) Clarifies laws related to the usage of tax increment remittances to school districts to ensure a reduction in local property taxes, provides a transition section for a school district with an existing agreement with a local government, and provides a time period for a school district to utilize tax increment remittances.
  - a. Amends sections 7-15-4291, 20-9-104, and 20-9-141.
  - b. Effective May 5, 2015.
  - c. Applies to tax increment financing districts created after December 31, 1979. If a school district has executed an agreement with a local government pursuant to 7-15-4291, the school district must prepare a transition plan.

## Natural Resource Taxes

1. [House Bill No. 67 \(Ch. 29\)](#) Removes the Wall Street Journal as the source for determining the average price for a barrel of West Texas Intermediate crude oil.
  - a. Amends sections 15-36-303, 15-36-304, and 20-9-518.
  - b. Effective October 1, 2015.
2. [House Bill No. 411 \(Ch. 301\)](#) Revises the price of a barrel of crude oil in relation to the imposition of production tax rates.
  - a. Amends section 15-36-304.
  - b. Effective July 1, 2015.
3. [House Bill No. 421 \(Ch. 352\)](#) Revises the coal severance tax coal washing credit and extends the termination date of the coal washing credit by 8 years.
  - a. Amends section 7, Chapter 433, Laws of 2009.
  - b. Effective April 29, 2015.
4. [Senate Bill No. 20 \(Ch. 387\)](#) Reallocates a portion of metalliferous mines license tax collections and provides a transfer of funds to the Environmental Quality Protection Fund.
  - a. Amends sections 15-37-117, 75-10-704, and 75-10-743.
  - b. Effective July 1, 2015.
  - c. Terminates June 30, 2027.
5. [Senate Bill No. 252 \(Ch. 432\)](#) Revises school funding related to oil and natural gas production taxes, removes the requirement that school districts receiving oil and natural gas production tax revenue budget a portion of that revenue in the district general fund, clarifies distributions from the state school oil and natural gas impact and distribution accounts, and provides statutory appropriations.
  - a. Amends sections 17-7-502, 20-9-310, 20-9-517, and 20-9-520.
  - b. Effective May 5, 2015.

6. [Senate Bill No. 260 \(Ch. 433\)](#) Revises distributions from the state school oil and natural gas distribution account, provides for the distribution of funds by the Office of Public Instruction, grants rulemaking authority, and provides statutory appropriations.
  - a. Amends sections 17-7-502, 20-9-310, 20-9-517, 20-9-518, and 20-9-520.
  - b. Effective May 5, 2015, except for a provision setting requirements for when distributions must remain in the oil and natural gas impact fund, which is effective July 1, 2016.

#### Administration

1. [House Bill No. 52 \(Ch. 27\)](#) Revises laws related to the use of electronic signatures and allows directors of the Departments of Revenue and Transportation to accept documents electronically.
  - a. Amends section 15-1-208.
  - b. Repeals section 16-11-110.
  - c. Effective February 18, 2015.
2. [House Bill No. 122 \(Ch. 36\)](#) Revises provisions related to withholding of tax for agricultural labor and defines "agricultural labor."
  - a. Amends section 15-30-2501.
  - b. Effective February 18, 2015.
  - c. Applies to tax periods beginning after December 31, 2013.
3. [House Bill No. 359 \(Ch. 418\)](#) Adjusts inflation factor calculation for individual income tax and provides a transition section for tax year 2016.
  - a. Amends sections 15-30-2101, 15-30-2103, 15-30-2110, 15-30-2114, 15-30-2132, and 15-30-2602.
  - b. Effective October 1, 2015.
  - c. Applies to tax years beginning after December 31, 2015.
4. [House Bill No. 379 \(Ch. 308\)](#) Revises certain provisions related to the administration of taxes, amends provisions for the waiver of interest, revises the late filing penalty, provides an automatic extension for the filing of individual income taxes, revises the uniform penalty assessments on delinquent taxes, provides that interest assessments on delinquent income taxes are based only on the federal underpayment rate assessed against individual income taxpayers, provides that the penalties for substantial understatement of a tax or for filing a fraudulent or frivolous return or report are similar to federal penalties, clarifies the allocation of a federal income tax refund, and decreases the statutes of limitation for individual income tax from 5 years to 3 years to be uniform with other tax types.<sup>1</sup>
  - a. Amends sections 15-1-206, 15-1-216, 15-30-2110, 15-30-2339, 15-30-2341, 15-30-2512, 15-30-2531, 15-30-2604, 15-30-2605, 15-30-2606, 15-30-2607, 15-30-2609, 15-30-2643, and 15-30-3003.

---

<sup>1</sup>Because this bill became law, [Senate Bill No. 212](#) is void per the coordination language contained in SB 212.

- b. Allocation of federal income tax refund provisions and the decrease of the statute of limitations for individual income taxes are effective April 27, 2015, and apply to tax years beginning after December 31, 2014.
  - c. The remainder of the changes are effective January 1, 2017, and apply to tax periods beginning after December 31, 2016.
  - d. The interest rate for underpayment provided for in section 15-1-216(7)(a)(i)(A) terminates December 31, 2017.
- 5. [Senate Bill No. 6 \(Ch. 70\)\\*](#) Clarifies that the Department of Revenue's uniform dispute review procedures provide the right to request alternative dispute resolution methods, including mediation.
  - a. Amends section 15-1-211.
  - b. Effective February 27, 2015.
- 6. [Senate Bill No. 18 \(Ch. 2\)\\*](#) Revises the timeframe in which the Department of Revenue is required to calculate the growth rate of the entitlement share pool.
  - a. Amends 15-1-121.
  - b. Effective October 1, 2015.
- 7. [Senate Bill No. 51 \(Ch. 76\)](#) Allows the Department of Revenue to share information related to debt offset or collection with the Department of Commerce.
  - a. Amends sections 15-30-2618, 15-31-511, and 90-1-113.
  - b. Effective February 27, 2015.
- 8. [Senate Bill No. 91 \(Ch. 338\)](#) Revises laws related to reciprocal tax collection, clarifies the priority of reciprocal collections of state agency and local government debts between the Internal Revenue Service and the Department of Revenue, and allows for reciprocal collection and offset of tax liability between the state and federal government.
  - a. Amends sections 15-1-201, 15-1-218, and 17-4-105.
  - b. Effective April 28, 2015.

#### Miscellaneous

- 1. [House Bill No. 180 \(Ch. 305\)](#) Extends the termination date of the Treasure State Endowment Regional Water System Fund.
  - a. Amends section 6, Chapter 495, Laws of 1999, section 1, Chapter 70, Laws of 2001, sections 15 and 16, Chapter 389, Laws of 2011, and sections 8, 9, and 10, Chapter 390, Laws of 2013.
  - b. Effective October 1, 2015.
- 2. [House Bill No. 246 \(Ch. 126\)](#) Requires that certain fees collected for oversize or overweight load permits be forwarded to the Department of Transportation for deposit in the highway nonrestricted account.
  - a. Amends section 61-10-126
  - b. Effective March 27, 2015.

3. [Senate Bill No. 27 \(Ch. 41\)\\*](#) Revises interim committee duties related to administrative rule review, draft legislation review, program evaluation, and monitoring of certain agencies.
  - a. Amends sections 5-5-227 and 5-5-228.
  - b. Effective February 18, 2015.
4. [Senate Bill No. 33 \(Ch. 3\)\\*](#) Revises reports to the Revenue and Transportation Interim Committee.
  - a. Amends sections 15-1-230, 15-24-3211, 15-32-703, 15-70-369, and 61-10-154.
  - b. Effective October 1, 2015.
5. [Senate Bill No. 62 \(Ch. 54\)](#) Revises the reporting and payment dates for per capita livestock fees.
  - a. Amends sections 15-24-903, 15-24-905, 15-24-906, 15-24-921, and 81-7-603.
  - b. Effective January 1, 2016.
  - c. Applies to tax years beginning after December 31, 2015.
6. [Senate Bill No. 95 \(Ch. 82\)\\*](#) Requires the Director of Revenue to appoint an advisory council for the purpose of complying with the Multistate Tax Compact if local subdivisions are affected by the compact.
  - a. Amends section 2-15-1311.
  - b. Effective October 1, 2015.
7. [Senate Bill No. 180 \(Ch. 430\)](#) Revises the funding source for the senior citizen and persons with disabilities transportation services account, allocates revenue from the rental car sales and use tax to the account, removes a general fund transfer to the account, and revises the provision of funds from the account.
  - a. Amends sections 7-14-112, 10-3-801, 15-1-122, and 15-68-820.
  - b. Effective January 1, 2016.
  - c. Applies to rental car sales and use taxes levied after December 31, 2015.

### Vetoed Legislation

The vetoed legislation falls into two categories: individual and corporate income taxes and natural resource taxes.

### Individual Income and Corporate Income Taxes

1. [House Bill No. 154](#) Providing for the termination of income tax credits, requiring the Revenue and Transportation Interim Committee to review terminating tax credits and make a recommendation to the Legislature, and providing criteria for the committee to use when reviewing tax credits.
  - a. Amending sections 5-5-227, 15-30-2319, 15-30-2320, 15-30-2326, 15-30-2336, 15-30-2342, 15-30-2356, 15-30-2358, 15-30-2364, 15-30-2365, 15-30-2366, 15-30-2367, 15-30-2368, 15-30-2373, 15-30-2381, 15-31-125, 15-31-130, 15-31-131, 15-31-132, 15-31-



- 133, 15-31-134, 15-31-150, 15-31-171, 15-32-109, 15-32-115, 15-32-201, 15-32-402, 15-32-503, 15-32-602, 15-32-701, 15-32-702, 15-32-703, 15-50-207, 17-6-316, and 53-4-1103.
- b. Enacting section.
  - c. [Vetoed](#) April 30, 2015.
2. [House Bill No. 166](#). Lowering individual income tax rates.
- a. Amending section 15-30-2103.
  - b. [Vetoed](#) March 6, 2015.
  - c. Veto override motion failed in House March 10, 2015.
3. [Senate Bill No. 171](#). Revising taxation of income, including the corporate income tax; requiring that taxation of individuals, partnerships, and subchapter S. corporations, including trusts and estates, to relate the state individual income tax to federal taxable income; providing adjustments to federal taxable income to exclude certain income; eliminating most individual income tax deductions; eliminating certain individual income tax credits; revising certain individual income tax credits; eliminating certain corporate income tax deductions and credits; revising individual income tax rates subject to a reduction for net capital gain income; providing a transition for credits that are subject to a carryforward; providing a transition for differences in federal and Montana income tax laws; reenacting the Big Sky on the Big Screen Act and making permanent the availability and use of tax credits; promoting the motion picture and television industries and related media in Montana by providing tax incentives for filming and for developing magazine advertising in Montana; allowing a production company a tax credit for employing Montana residents; requiring a production company to apply to the Department of Commerce for a state-certified production; requiring that the application fee be used for administering the tax credits; providing a statutory appropriation; and providing rulemaking authority.
- a. Amending sections 2-18-1312, 7-14-1133, 7-14-1636, 7-34-2416, 15-30-2101, 15-30-2102, 15-30-2103, 15-30-2104, 15-30-2113, 15-30-2151, 15-30-2153, 15-30-2328, 15-30-2329, 15-30-2337, 15-30-2341, 15-30-2501, 15-30-2512, 15-30-2602, 15-30-2605, 15-30-2606, 15-30-2618, 15-30-2364, 15-30-3003, 15-30-3004, 15-30-3005, 15-30-3312, 15-31-125, 15-31-127, 15-31-131, 15-31-162, 15-32-104, 15-32-106, 15-61-202, 15-61-203, 15-62-208, 15-63-202, 17-7-502, 19-2-1004, 19-17-407, 19-18-612, 19-19-504, 19-20-706, 19-21-212, 33-22-2006, 33-27-101, 33-27-102, 33-27-103, 37-4-104, 53-2-211, 67-11-303, 70-9-803, 75-2-103, 75-5-103, 87-2-102, and 87-2-105.
  - b. Enacting sections.
  - c. Repealing sections 7-21-3701, 7-21-3702, 7-21-3703, 7-21-3704, 7-21-3710, 7-21-3715, 15-30-2110, 15-30-2111, 15-30-2114, 15-30-2115, 15-30-2116, 15-30-2117, 15-30-2119, 15-30-2131, 15-30-2132, 15-30-2133, 15-30-2141, 15-30-2142, 15-30-2143, 15-30-2144, 15-30-2152, 15-30-2301, 15-30-2319, 15-30-2320, 15-30-2356, 15-31-124, 15-31-134, 15-31-137, 15-31-163, 15-31-172, 15-32-109, 15-32-115, 15-32-201, 15-32-202, 15-32-203, 15-32-301, 15-32-302, 15-32-303, 15-32-401, 15-32-402, 15-32-404, 15-32-405, 15-32-406, 15-32-407, 15-32-501, 15-32-502, 15-32-503, 15-32-504, 15-32-505, 15-32-506, 15-32-507, 15-32-508, 15-32-509, 15-32-510, 15-32-701, 15-32-702, 15-32-703, 15-62-207, and 33-2-724.

- d. [Vetoed](#) May 4, 2015.
- 4. [Senate Bill No. 200](#). Generally revising income tax laws, lowering individual income tax rates, and revising the capital gains credit.
  - a. Amending sections 15-30-2103 and 15-30-2301.
  - b. [Vetoed](#) April 9, 2015.

#### Natural Resources Taxes

- 1. [Senate Bill No. 145](#). Revising the allocation of revenue from oil and natural gas production taxes and using the proceeds for oil and natural gas impact projects, defining "oil and gas impact projects," establishing priorities for oil and gas impact project proposals from local governments, providing for review of oil and gas impact project proposals by the Department of Commerce, creating an oil and natural gas impact relief account to provide financial assistance to local governments, and providing rulemaking authority.
  - a. Amending section 15-36-331.
  - b. Enacting sections.
  - c. [Vetoed](#) April 24, 2015.

CI0425 5163mena.